

PALLET

The Newsletter of the National Wooden Pallet & Container Association

PALLET PURCHASERS SPEAK THEIR MIND

RESEARCH OUT ON WHAT BUYERS OF USED PALLETS THINK

Preliminary findings from a new study on repaired pallets indicate that **pallet users don't like half companion stringers, split deckboards and protruding fasteners.** There has been an awareness for some time that buyers of repaired/recycled pallets prefer to receive pallets that are "like new." However, the reality of the business is that repaired/recycled pallets, although they may be perfectly usable, may have repairs or other characteristics not usually found in new pallets. Given this fact, NWPCA's recyclers identified that it would be useful to know how various repair characteristics impact a buyers willingness to purchase a pallet. A study currently underway at the Center for Forest Products Marketing at VA Tech in Blacksburg, VA, is designed to help answer these questions.

The study is being conducted by the Center's Director Dr. Robert Bush, Graduate Research Assistant Ronen Rudnik, and Philip Araman, Project Leader with the U.S. Forest Service in Blacksburg, VA. The researchers are investigating the effect of several types of repairs and characteristics on quality as determined by pallet buyers. Quality, in this study, is defined as the likelihood a buyer will purchase a pallet.

Because it is a large part of the overall pallet market, the VA Tech researchers are concentrating on the 48" by 40"

GMA style pallet. Data collection is being limited to buyers in the grocery industry - again, an important segment of the market, and a segment that has experience with repaired/recycled pallets. The pallets used in the study were donated by pallet recyclers and were specifically chosen to be as identical as possible except for the characteristics under study. These characteristics include the presence of companion stringers (both full and one-half), metal plating of the stringer(s), split deckboards, and protruding fasteners. Pallets were also assigned a price. This enables the researchers to investigate the relation

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ship between pallet characteristics and the price that buyers are willing to pay.

Approximately 50 buyers of repaired/recycled pallets for the grocery industry (primarily grocery distributors) were interviewed in locations that ranged from Florida to New Jersey. As part of the interviews, buyers were shown photographs and the pallets used in the study and asked to indicate their likelihood to purchase these pallets. This information was analyzed using a statistical technique known as conjoint analysis.

Initial results suggest that, of the characteristics studied, one-half companion stringers have the greatest negative impact on a buyer's likelihood to purchase. This finding coincides with statements made by buyers during the interviews concerning handling problems that can result when pallets are repaired with one-half stringers. Split deckboards and protruding fasteners were next in terms of impact on likelihood to purchase. Buyers often expressed concerns about product damage resulting from these characteristics. Full companion stringers and metal plating appear to have less negative impact on purchase intentions. In particular, buyers prefer pallets repaired using metal plates to those repaired using one-half companion stringers.

The final results of the study, expected later this year, will provide further details concerning the impact of various pallet characteristics. In addition, they will approximate how much money buyers are willing to pay to obtain pallets with the types of repairs they prefer (or, conversely, to avoid the repairs they don't like). Look for the results at future NWPCA meetings or right here in PALLETtalk.

Editor's Note: This research was made possible through the legislative efforts of NWPCA in securing funding for pallet recycling research.